

*This checklist was developed for use by examiners as part of policy and forms review.*

**Checklist for Group Term Life Insurance Products**

Insurer \_\_\_\_\_

NAIC# \_\_\_\_\_

Name of Product \_\_\_\_\_

Contact Person, Title \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Date received \_\_\_\_\_ Reviewed by \_\_\_\_\_

SRB # \_\_\_\_\_

Notes:

## **Contents of Actuarial Memorandum**

- \_\_\_ Each submission must be accompanied by an actuarial memorandum prepared and signed by an actuary that includes the following:
  - \_\_\_ A description of the product;
  - \_\_\_ The mathematical formulas, sample numerical calculations and a detailed statement of the method used to compute policy or contract values and reserves and insurance nonforfeiture benefits;
  - \_\_\_ For decreasing or level term forms, the term periods and issue ages for which such forms will be issued, and the premium rates. *SRB Bulletin 90-02*
  - \_\_\_ For indeterminate premium plans, the maximum and current premium rates. *SRB Bulletin 90-02*
  - \_\_\_ Identification of risk classes covered under the policy and how rates and values are affected. *SRB Bulletin 90-02*
- \_\_\_ Any additional data, tables, and information necessary for a comprehensive review of the forms. *SRB Bulletin 90-02*

## Definition of a group

Group Eligibility: *Note: the citation for all of the following section describing eligible groups is M.G.L. c. 175, § 133*

The group must be:

### **EITHER**

- ☐ (a) an employer group that meets the following criteria:
  - ☐ not less than ten employees at date of issue,
  - ☐ with or without medical examination,
  - ☐ written under a policy issued to the employer, or to the trustees of a fund established by the employer,
  - ☐ the premium on which is to be paid by the policyholder, either wholly from the employer's funds or funds contributed by him, or partly from such funds and partly from funds contributed by the insured employees,
  - ☐ insuring only all of the employees of the employer, or all of any class or classes thereof determined by conditions pertaining to their employment, or by duration of service in which case no employee can be excluded if he has been employed for one year or more, or for such period longer than one year as may be required by any pension plan under or in connection with which the policy is taken out,
  - ☐ for amounts of insurance based upon some plan precluding individual selection,
  - ☐ for the benefit of persons other than the employer,
- ☐ when part of the premium is to be derived from funds contributed by the insured employees and the benefits of the policy are offered to all eligible employees, not less than seventy-five percent of such employees may be so insured, or not less than forty percent if each employee belonging to the insured group has been medically examined and found acceptable for ordinary insurance by an individual policy;
  - ☐ **Note:** The word "employees" may include the officers, managers and employees of subsidiary or affiliated corporations and the individual proprietors, partners and employees of affiliated individuals and firms, if the business of the employer and of such subsidiary or affiliated corporations, firms or individuals is under common control, through stock ownership, contract or otherwise. *M.G.L. c. 175, § 134*

### **OR**

- ☐ (b) the members of any trade union or other association of wage workers described in section 29 ("whose principal objects are to deal with the relations between employers and employees relative to wages, hours of labor and other conditions of employment"), that meet the following criteria:
  - ☐ with or without medical examination,
  - ☐ written under a policy issued to the union or association,
  - ☐ the premium on which is to be paid by the union or association or jointly by the union or association and the members,
  - ☐ insuring all of the members of the union or association, or all of any class or classes determined by conditions pertaining to their employment, or to membership in the union or association, or to both,
  - ☐ for amounts of insurance based upon some plan which will preclude individual selection,

- \_\_\_ for the benefit of persons other than the union or association or any officers thereof,
- \_\_\_ when the premium is to be paid by the union or association and its members jointly and the benefits of the policy are offered to all eligible members, not less than seventy-five percent of such members may be so insured,
- \_\_\_ any member or members insured under the policy may apply for amounts of insurance additional to those granted by said policy, in which case any percentage of the members may be insured for additional amounts if they pass satisfactory medical examinations

**OR**

- \_\_\_ (c) a group of persons who at any time are debtors of a bank, association, financial or other institution, including its subsidiary or affiliated institutions, if any, for a loan, or of the vendor of any property for its purchase price, or who are co-debtors or guarantors of said obligation, under an agreement to pay said obligation, or who at any time have been granted a policy loan pursuant to a policy provision therefor, that meet the following criteria
- \_\_\_ written under a policy issued, with or without requirement of evidence of individual insurability, to said bank, association, financial or other institution or vendor, or to a parent holding company, or to the trustee, trustees or agent designated by one or more said banks, associations, financial or other institutions or vendors, or to the insurance company granting said policy loan,
- \_\_\_ made payable to said creditor or to the assignee of said obligation, or to said insurance company granting said policy loan, including the insurance company which issues said policy,
- \_\_\_ insuring the life of each debtor, co-debtor, guarantor or the person granted said policy loan,
- \_\_\_ for an amount, with respect to each said obligation or policy loan, not exceeding his individual obligation exclusive of unearned finance charges, or policy loan with interest, and not exceeding \$125,000;
- \_\_\_ where joint life insurance is afforded, not more than two persons may be insured in connection with any one credit transaction;
- \_\_\_ no such debtor may be insured in such a group for a period of more than fifteen years on account of a debt arising out of said loan or policy loan or obligation for said purchase price,
- \_\_\_ the \$125,000 amount limitation and fifteen year period limitation contained in this clause does not apply to insurance for which no identifiable charge is made to the debtor, co-debtor or guarantor;

But note that insurance or educational credit transaction commitments may be written under the above for the amount of such commitment that has not been advanced by the creditor; provided, that the amount of such insurance shall not exceed ten thousand dollars with respect to each student.

**OR**

- \_\_\_ (d) the members of any association of state, county or municipal employees, who are regularly and permanently employed by the commonwealth, a county or a municipality and, if employed by the commonwealth or the city of Boston, are paid by a common paymaster (any officer or employee of the commonwealth or the city of Boston or any board, department, or commission, whose duties include the payment of salaries or wages to employees of the commonwealth, city or any board, department or

commission) and are eligible for membership in the retirement association for the employees of the commonwealth or of the city of Boston, or the members of any association of employees of two or more municipalities within one county who are regularly and permanently employed by one or more such municipalities, that meet the following criteria:

- \_\_\_ with or without medical examinations,
- \_\_\_ written under a policy issued to the association, the premium on which is to be paid by its members,
- \_\_\_ insuring not less than fifty members at date of issue and seventy-five percent of all persons eligible for membership therein,
- \_\_\_ for amounts of insurance based upon some plan which will preclude individual selection,
- \_\_\_ for the benefit of persons other than the association or any officers thereof,
- \_\_\_ any member or members insured under such policy may apply for amounts of insurance additional to those granted by said policy, in which case any percentage of the members may be insured for additional amounts if they pass satisfactory medical examinations;
- \_\_\_ no person may be eligible for coverage under such a policy as a member of more than one such association.

**OR**

- \_\_\_ (e) all the employees of two or more employers in the same industry, or the members of one or more trade unions or associations of wage workers described in section twenty-nine, ("whose principal objects are to deal with the relations between employers and employees relative to wages, hours of labor and other conditions of employment") or the employees of one or more employers in the same industry and the members of one or more such trade unions or such associations, or all of any class or classes thereof determined by conditions pertaining to their employment, or to membership in the union or unions or association or associations, or to both, that meet the following criteria:
  - \_\_\_ with or without medical examination,
  - \_\_\_ written under a policy issued to the trustees of a fund established by two or more employers in the same industry or by one or more such trade unions or such associations, or by one or more employers and one or more such trade unions or associations, which trustees shall be deemed to be the policyholder,
  - \_\_\_ the premium on which is to be paid by the trustees, either wholly from funds contributed by the employer or employers of the insured persons, or by the union or association or unions or associations, or by both, or partly from such funds contributed by the employer or employers of the insured persons, or by the union or association or unions or associations, or by both, and partly from such funds contributed by the insured persons specifically for their insurance, or, with respect to a policy issued to the trustees of a fund established by one or more employers and one or more such trade unions or associations, partly from such funds contributed by the employers, unions or associations, or both, and partly from funds contributed by the insured persons specifically for their insurance,
  - \_\_\_ for amounts of insurance based upon some plan precluding individual selection either by the insured persons or by the policyholder, or employers, or union or unions or association or associations,
  - \_\_\_ for the benefit of persons other than the employer or employers, or the union or unions or association or associations or any officers thereof,

- \_\_\_ when part of the premium is to be contributed by the insured persons specifically for their insurance and the benefits of the policy are offered to all eligible persons, not less than seventy-five percent of such eligible employees of the employer or employers or of such eligible members of the union or unions or association or associations, who remit funds for premium payments to the trustees may be so insured;
- \_\_\_ the policy must, at date of its issue, cover at least one hundred persons;

**OR**

- \_\_\_ (f) the members in good standing, or all of any class or classes thereof determined by conditions pertaining to membership, of any charitable or religious association which meets the requirements of chapter one hundred and eighty and which has been in existence for at least one year and not formed for the exclusive purpose of procuring insurance, that meet the following criteria
  - \_\_\_ written under a policy issued to the association,
  - \_\_\_ the premium on which is to be paid by the association or the insured members, or by both jointly,
  - \_\_\_ for amounts of insurance based upon some plan precluding individual selection,
  - \_\_\_ for the benefit of the association or of persons named by the insured members for the purpose of carrying out the duly stated objectives of the association;
  - \_\_\_ when part of the premium is to be contributed by the insured persons specifically for their insurance and the benefits of the policy are offered to all eligible persons, not less than seventy-five percent of such eligible members may be so insured;
  - \_\_\_ the policy must, at date of its issue, cover at least one hundred persons.

**Notes:**

- \_\_\_ Any group life insurance policy issued under the provisions of this section, except a policy insuring the lives of debtors in accordance with clause (c) may also insure the dependents of employees or members or other persons insured thereunder, and the employees or members or other persons may contribute part or all of the premium for such insurance.
  - \_\_\_ Any policy issued to any of the above groups may provide that the term "employee" shall include retired employees, and the partners or individual proprietors if an employer is a partnership or an individual proprietor, if such partners or proprietors are actively engaged in and devote a substantial part of their time to the conduct of the business of the proprietor or partnership, and if, in the case of a policy issued under subdivision (e) of section one hundred and thirty-three, the policy insures not less than an average of five persons, other than the partners or individual proprietors, per employer unit; provided, however, that so much of this paragraph as provides that a policy issued under said subdivision (e) of said section one hundred and thirty-three insure not less than an average of five persons, exclusive of partners or individual proprietors, per employer unit shall not be applicable in the case of any policy so issued covering employees of persons engaged in the business of conducting recreational or instructional summer camps for children. *M.G.L. c. 175, § 134*

**Note regarding definitions:**

- \_\_\_ The word "employer" shall include the trustees of a fund established as provided in clause (a) of section one hundred and thirty-three, a trade union or association of wage workers, a financial or other institution including subsidiary or affiliated institutions, a vendor of any property, as assignee of the indebtedness, an association of state, county or municipal

employees, and the trustees of a fund established as provided in clause (e) of section one hundred and thirty-three, in the case of a policy issued under clause (a), (b), (c), (d) or (e), respectively, of section one hundred and thirty-three, and a charitable or religious association which meets the requirements of chapter one hundred and eighty. *M.G.L. c. 175, § 134*

- The word "employee," shall include a member of such a trade union or other association of wage workers or of such an association of state, county or municipal employees or of a charitable or religious association which meets the requirements of chapter one hundred and eighty, and, as used in this section, shall include a borrower from such a financial or other institution including subsidiary or affiliated institutions, and a purchaser from such a vendor. *M.G.L. c. 175, § 134*

## General Requirements

- \_\_\_ Each submission must include a certification by a company official that each form meets the objective standards of M.G.L. c. 175 §2B. If an insurer feels that a form is exempt from chapter 175 §2B, the basis for the contention must be stated in the cover letter. The term "text" includes all printed matter except the name and address of the insurer, name or title of the policy, the brief description, if any, captions and subcaptions, and schedule pages and tables. *M.G.L. c. 175 §2B*
  - \_\_\_ The text achieves a minimum Flesch score of 50. The Flesch score for each form must be stated in the certification: a statement to the effect that the score exceeds 50 is not permitted.
  - \_\_\_ The other objective standards of Chapter 175 §2B, section 1 are met:
    - \_\_\_ It is printed, except for tables, in not less than ten point type, one point leaded.
    - \_\_\_ The style, arrangement and overall appearance of the policy give no undue prominence to any portion of the text of the policy and any endorsements or riders;
    - \_\_\_ It contains a table of contents or an alphabetical subject index;
    - \_\_\_ The width of margins and ink to paper contrast do not unreasonably interfere with the readability of the form; and
    - \_\_\_ The organization of the content of the policy and the summary of the policy is conducive to understandability of the form.
- Note: All provisions of law relative to the filing of policy forms shall also apply to all applications designed to be attached to such policy forms and when so attached to constitute a part of the contract. *M.G.L. c. 175 § 192***
- Note: Section 2B does not apply to policies which are issued in connection with any employee benefit plan which is either subject to Title I of the Employee Retirement Income Security Act of 1974, 29 United States Code, sections 1002 to 1144, inclusive, or described in 26 United States Code, sections 79, 105, 125, 401, 403(a) or 409A of the Internal Revenue Code.**
- \_\_\_ All policies must be headed by the corporate name of the company. If two or more insurers are under a common management and represent themselves to be or are customarily known as an insurance company group or similar insurance trade designation, they may, with the approval of the commissioner, head or title policies with the name of the group or similar trade designation or with the names of the individual members of the group, provided that the company assuming the insurance is specifically identified. *M.G.L. c. 175, §18*
- \_\_\_ All policies must be signed by the company's secretary or an assistant secretary, or in their absence by a temporary secretary, and by its president or a vice-president, or in their absence by two directors. Riders or endorsements may be signed by one of the aforesaid officers of the company. (**Note: does not apply to riders or endorsements providing special benefits under M.G.L. c. 175, § 24.**) A facsimile of the required signature is acceptable. *M.G.L. c. 175, §33*

\_\_\_ Policy of life insurance must contain on the first page in bold letters a plain description of the policy, “so fully defining its character, including dividend periods and other peculiarities, that the holder thereof shall not be likely to mistake the nature or scope of the contract.” *M.G.L. c. 175, §129*

\_\_\_ The commissioner may require a company to submit for her inspection copies of any policy form used by the company, which includes any rider, endorsement or application used with the policy, and copies of any circular or other advertising matter used in the commonwealth. *M.G.L. c. 175, §191*

Compliance with M.G.L. c. 175, § 118:

\_\_\_ Must state the amount of benefits payable, the manner of payment and the consideration;

\_\_\_ Benefits cannot be contingent upon assessments upon survivors

**Note: extra compensation may be charged by a company to the insured for engaging in naval or military service in time of war.**

### Mandatory Policy Provisions

The policy **must** contain all of the following provisions, in terms more favorable to the employee, or at least as favorable to the employee and more favorable to the employer:

- ☐ That the policy will be incontestable after two years from its date of issue except for non-payment of premiums. *M.G.L. c. 175, § 134 1.*
- ☐ That the insurance on any person insured under the policy will be incontestable after it has been in force for a period of two years during such person's lifetime except for violation of the conditions of the policy relating to military or naval service in time of war. *M.G.L. c. 175, § 134 1.*
- ☐ That the policy, the application of the employer and the individual applications, if any, of the employees insured shall constitute the entire contract between the parties, and that no statement made by the employer or any employee or on their behalf shall be used in defense to a claim under the policy unless contained in a written application. *M.G.L. c. 175, § 134 2.*
- ☐ That the premium or the amount of insurance payable in the event of a misstatement of the age of an employee will be equitably adjusted. *M.G.L. c. 175, § 134 3.*
- ☐ That to the group or class thereof originally insured shall be added from time to time all new employees of the employer eligible to insurance in such group or class. *M.G.L. c. 175, § 134 5.*
- ☐ That the employer is entitled to a grace period of thirty-one days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the employer shall have given the company written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy and, at the option of the company, a provision that the employer shall be liable to the company for the payment of a pro rata premium for the time the policy was in force during such grace period. *M.G.L. c. 175, § 134 6.*

Is the group described in clause (c) or (f) of § 133 (credit life or a charitable organization)?

☐ yes ☐ no

If yes, the next two items do **not** apply:

- ☐ That the company will issue to the employer, for delivery to each employee whose life is insured under the policy, an individual certificate specifying his insurance coverage under the policy, the amount thereof and to whom payable, together with a provision to the effect that if his insurance, or any portion of it, ceases because of (1) termination of employment or of membership in the class or classes eligible for coverage under the policy, or (2) termination of the policy or amendment of the policy to terminate the insurance or any part thereof on the class of insured persons to which he then belongs after he has been insured thereunder for five or more years immediately preceding any such termination date, the employee shall continue to be insured thereafter for a period of thirty-one days, for the amount of life insurance which he is entitled to have issued to him

under an individual policy in accordance with the provisions which follow; and that he shall be entitled to have issued to him by the company, without evidence of insurability, upon written application in a form satisfactory to the company and upon the payment of the premium applicable to the class of risk to which he belongs and to the form and amount of the policy at his then attained age, both within said period of thirty-one days, an individual policy of life insurance without disability or other supplementary benefits, effective at the expiration of said period, in any one of the forms of life policies then customarily issued by the company, except a term policy, for an amount not in excess of the amount of the insurance which ceases because of any such termination, or, at the option of the company, in the case of any termination described in clause (2), an amount which shall in no event exceed the lesser of (i) the amount of such employee's insurance ceasing because of such a termination less any amount of life insurance for which he may be or may become eligible under any group policy issued by the same or another company within thirty-one days after such a termination and (ii) two thousand dollars; provided, that any amount of insurance which shall have matured on or before the date of any termination described in clause (1) or (2), as an endowment payable to him, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount which is considered to cease because of any such termination; and, for the purposes of this provision, the date of termination of the policy in case of its expiration by its own terms shall be the effective date of such expiration irrespective of any grace period specified in the policy for the payment of any premium falling due on such date. *M.G.L. c. 175, § 134 4.*

— **But note:** Notwithstanding this requirement, only one certificate need be issued for delivery to an insured person if a statement concerning any dependents' coverage is included in such certificate. *M.G.L. c. 175, §133*

— Upon termination of the insurance with respect to the spouse of any employee by reason of the employee's termination of employment or death, the spouse insured pursuant to this section shall have the same conversion rights as to the insurance on his or her life as is provided for the employee. *M.G.L. c. 175, §133*

— That any sum becoming due by reason of the death of the employee insured shall be payable to the beneficiary designated by the employee insured, that in the event no designated beneficiary as to all or any part of such sum is living at the death of the employee insured, any such sum shall be paid to the executors or administrators of the employee, and, that the company may, at its option, pay such sum to any one or more of the following surviving relatives: wife, husband, mother, father, child or children, brothers or sisters, and may pay a part of such sum not exceeding two hundred and fifty dollars to any person appearing to the company to be equitably entitled thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the employee insured. *M.G.L. c. 175, § 134 7.*

— In the case of a policy issued to a creditor to insure debtors of such creditor, a provision that the insurer will furnish to the policyholder for delivery to each debtor insured under the policy a form which will contain a statement that the life of the debtor is insured under the policy or in the case of a policy issued to an insurance company to insure persons granted policy loans, a provision that the policyholder will deliver to each person insured under the policy a form which will contain a statement that the life of the person granted the loan is

insured, and that any death benefit paid thereunder by reason of his death shall be applied to reduce or extinguish the indebtedness or policy loan. *M.G.L. c. 175, § 134 4A.*

- \_\_\_ That if any individual insured under a group policy becomes entitled to convert to another type of life insurance within a specified time after the happening of an event, the certificate holder will be notified of the privilege and its duration within 15 days of the event. *M.G.L. c. 175, §134A.*
- \_\_\_ If the notice is given more than 15 days but less than 90 days after the event, the time allowed for the exercise of the conversion privilege will be extended for 15 days after the giving of the notice.
  - \_\_\_ If the notice is not given within 90 days of the event, the time allowed for the exercise of the conversion privilege will expire at the end of 90 days. *M.G.L. c. 175, § 134A*
- \_\_\_ A provision that states that any equity of the insured in a group life insurance policy at the time of default in the payment of a premium, whether that equity exists by reason of the terms of the policy or by law, will be applied to purchase extended or paid-up insurance for each of the insured at attained age on the basis of the mortality table and rate of interest used in computing the premium for the group. *M.G.L. c. 175, § 136*
- \_\_\_ The policy may contain a provision that permits a person whose life is insured under a group policy to assign any or all incidents of ownership including but not limited to any right to designate a beneficiary, to convert to an individual policy or to pay premiums. *M.G.L. c. 175, § 134C*

## Prohibitions

### *General Prohibitions*

Prohibitions under M.G.L. c. 175, § 22: No policy of insurance may contain any condition, stipulation or agreement:

- \_\_\_ Depriving the courts of Massachusetts of jurisdiction in actions against the insurer;
- \_\_\_ Limiting the time for commencing actions against the insurer to a period of less than two years from the time when the cause of action accrues;
- \_\_\_ Making any person appointed and licensed as its agent the agent of the applicant, insured, policyholder or contract holder for any purpose;
- \_\_\_ Providing that no person shall be deemed an agent of the company unless authorized by the company in writing;
- \_\_\_ Providing that any policy made in Massachusetts on lives, property or interests therein shall be governed by the laws of any other state or country.
  
- \_\_\_ Policies may not include a requirement that all disputes or controversies be resolved by binding arbitration. But note that any provision that says the parties *may* agree to mediation or arbitration is permissible. The prohibition is based on the requirement that applicants waive their legal rights, or the rights of beneficiaries, set forth in M.G.L. c. 93A, § 9.
  
- \_\_\_ Policies may not include a limitation or exclusion on the recovery of punitive damages in the event of a dispute or controversy. *Such a limitation would be inconsistent with rights granted under M.G.L. c. 93A.*
  
- \_\_\_ Policies that include a provision that grants the right of the company to require an autopsy must provide flexibility that recognizes the religious practices or beliefs of the policyholder or beneficiary. *M.G.L. c. 176D.*

### *Anti-discrimination provisions*

- \_\_\_ No company shall refuse to issue a policy or limit the coverage normally contained therein with respect to the risk of loss solely because of the sex of the insured. *M.G.L. c. 175, § 24A*
- \_\_\_ No life company shall make or permit any distinction or discrimination in favor of individuals between insureds of the same class and equal expectation of life in the amount or payment of premiums or rates charged for policies of life or endowment insurance, or in any other of the terms and conditions of the contracts it makes. *M.G.L. c. 175, § 120*
- \_\_\_ No insurer shall cancel, refuse to issue or renew, charge any excessive rates or restrict any length of coverage or in any way practice discrimination against persons primarily because the insured person has had a suspected, alleged or confirmed exposure to the potential hazards and afflictions of DES. This includes practices and devices which are fair in form but discriminatory in practice. *M.G.L. c. 175, § 120C*
- \_\_\_ There may be no distinction or discrimination in the amount or payment of premiums or rates charged, in the length of coverage, or in any other of the terms and conditions of a policy of life insurance based on information that the person covered has been the victim of domestic abuse. *M.G.L. c. 175, § 120D*

— No company may discriminate against persons of color in rates or benefits. *M.G.L. c. 175, § 122*



## Credit Life & Disability

- ☐ The company must be licensed to write credit life.
- ☐ Group life insurance must meet the following definition:
  - ☐ If group, must be a group of persons who at any time are debtors of a bank, association, financial or other institution, including its subsidiary or affiliated institutions, if any, for a loan, or of the vendor of any property for its purchase price, or who are co-debtors or guarantors of said obligation, under an agreement to pay said obligation, or who at any time have been granted a policy loan pursuant to a policy provision therefor, that meet the following criteria:
    - ☐ written under a policy issued, with or without requirement of evidence of individual insurability, to said bank, association, financial or other institution or vendor, or to a parent holding company, or to the trustee, trustees or agent designated by one or more said banks, associations, financial or other institutions or vendors, or to the insurance company granting said policy loan,
    - ☐ made payable to said creditor or to the assignee of said obligation, or to said insurance company granting said policy loan, including the insurance company which issues said policy,
    - ☐ insuring the life of each debtor, co-debtor, guarantor or the person granted said policy loan,
    - ☐ for an amount, with respect to each said obligation or policy loan, not exceeding his individual obligation exclusive of unearned finance charges, or policy loan with interest, and not exceeding \$125,000; *Note, however, that this does not apply to insurance for which no identifiable charge is made to the debtor, co-debtor or guarantor.*
    - ☐ where joint life insurance is afforded, not more than two persons may be insured in connection with any one credit transaction;
    - ☐ no such debtor may be insured in such a group for a period of more than fifteen years on account of a debt arising out of said loan or policy loan or obligation for said purchase price, *Note, however, that this does not apply to insurance for which no identifiable charge is made to the debtor, co-debtor or guarantor.*
  - M.G.L. c. 175, § 133, item (c) in paragraph 1*
    - ☐ *But note that insurance on educational credit transaction commitments may be written under the above for the amount of such commitment that has not been advanced by the creditor; provided, that the amount of such insurance shall not exceed ten thousand dollars with respect to each student. M.G.L. c. 175, § 133*
- ☐ The filing must include a certificate and application as well as the master contract.
- ☐ The policy and certificate must clearly state that the product is Credit Life and/or Credit Disability. *M.G.L. c. 175, §129*
- ☐ Is there is a disability contract or a disability rider?
  - ☐ yes                      ☐ no
  - If yes, does the coverage include **Joint Disability**?

☐ yes ☐ no

☐ If yes, disapprove that provision in the contract or rider because joint disability is not permitted in Massachusetts. *M.G.L. c. 175, §117C does not provide for joint disability.*

☐ Is this for use by motor vehicle dealers?

☐ yes ☐ no

If yes, then **critical period disability** coverage is not permissible.

If no, then **critical period disability** coverage is permissible.

(**Critical period disability** is coverage in which benefit payments stop before the loan is paid off.)

☐ The Massachusetts limits of amount (\$125,000) and term (15 years or 180 months) must be clearly stated in the contract and certificate. *M.G.L. c. 175, §133*

☐ Are these limits handwritten or given as bracketed items?

☐ yes ☐ no

☐ If yes, there must be a written certification accompanying the filing asserting that these limits will not be exceeded.

Are creditors compensated?

☐ yes ☐ no

If yes, there is no statutory limit to the amount of compensation, but the compensation must be stated in a manner not related to premium (*e.g.*, on a per capita or flat fee basis). *See Bulletin 91-1: "... M.G.L. c. 175, § 177 prohibits payment of commissions to unlicensed agents. The Division of Insurance considers payments based on a percentage of premium to be commissions. . . ."*

**For insurance in connection with mortgages, conditional sales and pledges of personal property and liens thereon subject to M.G.L. c. 255**

*All of the following should be cited as M.G.L. c. 255, § 12G*

Note: This does not apply to:

☐ Insurance for which no identifiable charge is made.

☐ Insurance in connection with a loan for personal, family or household purposes secured by a first lien on real property.

☐ The amount of insurance cannot exceed the greater of the scheduled or actual amount owing on the loan exclusive of unearned finance charges.

☐ The policy must contain a provision that states that in the event of prepayment of the loan, there will be a refund of any unearned charges for the life insurance which is at least as favorable to the borrower or borrowers as follows:

\_\_\_ the actuarial method, which for single premiums is defined as a refund of unearned premium equal to the premium cost of coverage equal to the remaining scheduled benefits for a term equal to the remaining period from the date of said prepayment to the originally scheduled termination date of coverage, computed at the schedule of rates in effect when the charge for the insurance was made.

\_\_\_ If the prepayment is made other than on an installment due date it must be deemed to have been made:

\_\_\_ on the first installment due date if the prepayment was made before that date

\_\_\_ on the next preceding or succeeding installment due date, whichever is nearer to any other prepayment.

\_\_\_ If not or if it is not clear that this is so, then request a justification that Massachusetts law is satisfied.

\_\_\_ Does the policy contain a disclosure statement concerning the fact that enrollment for credit insurance is not a condition for obtaining financing? *Note: this is not required to appear in the policy. (It must appear in the consumer credit cost disclosure required by M.G.L. c. 140D.)*

\_\_\_ yes                      \_\_\_ no

\_\_\_ If yes, it must be printed in ten point boldface type and must contain all of the following language:

“You cannot be denied credit simply because you choose not to buy credit insurance. Credit life insurance [and credit accident and health insurance and credit involuntary unemployment insurance – only if the policy includes these additional coverages is this language required to appear] is not required to obtain credit. Insurance will not be provided unless you sign and agree to pay the additional charge.”

#### Rates

\_\_\_ The creditor may make a charge for the life insurance based on a rate which may not exceed the premium charged by the insurer pursuant to the insurer’s schedule currently on file with the Division under M.G.L. c. 175, § 117C.

\_\_\_ The charge for the insurance may be collected as a single premium on scheduled insured balances or periodically on actual monthly insured balances.

Rates must meet all requirements set forth below.

\* \* \*

#### **For insurance in connection with premium finance agency agreements subject to M.G.L. c. 255C**

*All of the following should be cited as M.G.L. c. 255C § 14A*

Note: This does not apply to:

\_\_\_ Insurance for which no identifiable charge is made.

- ☐ The amount of insurance cannot exceed the greater of the scheduled or actual amount owing on the agreement exclusive of unearned finance charges.
- ☐ The policy must contain a provision that states that in the event of prepayment of the agreement, there will be a refund of any unearned charges for the life insurance which is at least as favorable to the insured or insureds as follows:
  - ☐ the actuarial method, which for single premiums is defined as a refund of unearned premium equal to the premium cost of coverage equal to the remaining scheduled benefits for a term equal to the remaining period from the date of said prepayment to the originally scheduled termination date of coverage, computed at the schedule of rates in effect when the charge for the insurance was made.
  - ☐ If the prepayment is made other than on an installment due date it must be deemed to have been made:
    - ☐ on the first installment due date if the prepayment was made before that date
    - ☐ on the next preceding or succeeding installment due date, whichever is nearer to any other prepayment.
  - ☐ If not or if it is not clear that this is so, then request a justification that Massachusetts law is satisfied.
- ☐ The policy must contain a provision that the amount of death benefit will be computed
  - ☐ as of the date of death and will, subject to any dollar limit specified in the group policy, include not less than the equivalent of six past due monthly payments on the agreement if and to the extent that payments are past due whether from delinquency, deferral, extension or other reason.
  - ☐ No anticipated delinquency value may be included in the amount of coverage on which the life insurance premiums are calculated.
  - ☐ so that the assumed amount of insurance will not be less than the lesser of
    - ☐ the maximum amount of insurance specified in the group policy or
    - ☐ the actual outstanding principal balance of the indebtedness including the equivalent of up to six past due monthly payments if and to the extent that payments are past due.
  - ☐ so that the amount of death benefit will at no time be less than the amount for which a charge has been paid by the insured, if an excess charge was made for the insurance.
- ☐ Does the policy contain a disclosure statement concerning the fact that enrollment for credit insurance is not a condition for obtaining financing? *Note: this is not required to appear in the policy. (It must appear in the consumer credit cost disclosure required by M.G.L. c. 140D.)*
  - ☐ yes                      ☐ no
  - ☐ If yes, it must be printed in ten point boldface type and must contain all of the following language:

“You cannot be denied credit simply because you choose not to buy credit insurance. Credit life insurance [and credit accident and health insurance and credit involuntary unemployment insurance – only if the policy includes these additional coverages is this language required to appear] is not required to obtain credit. Insurance will not be provided unless you sign and agree to pay the additional charge.”

#### Rates

- \_\_\_ The agent, broker or his assignee may make a charge for the life insurance based on a rate which may not exceed the premium charged by the insurer pursuant to the insurer's schedule currently on file with the Division under M.G.L. c. 175, § 117C.
- \_\_\_ The charge for the insurance may be collected as a single premium on scheduled insured balances or periodically on actual monthly insured balances.

Rates must meet all requirements set forth below.

**For insurance in connection with retail installment sales and service agreements  
subject to M.G.L. c. 255D**

*All of the following should be cited as M.G.L. c. 255D § 26*

Note: This does not apply to:

- \_\_\_ Insurance for which no identifiable charge is made.
- \_\_\_ The amount of insurance cannot exceed the greater of the scheduled or actual amount owing on the agreement exclusive of unearned finance charges.
- \_\_\_ The policy must contain a provision that states that in the event of prepayment of the retail installment sale agreement or revolving credit agreement, the holder of the agreement will refund any unearned charges for the life insurance which is at least as favorable to the buyer or buyers as follows:
  - \_\_\_ the actuarial method, which for single premiums is defined as a refund of unearned premium equal to the premium cost of coverage equal to the remaining scheduled benefits for a term equal to the remaining period from the date of said prepayment to the originally scheduled termination date of coverage, computed at the schedule of rates in effect when the charge for the insurance was made.
  - \_\_\_ If the prepayment is made other than on an installment due date it must be deemed to have been made:
    - \_\_\_ on the first installment due date if the prepayment was made before that date
    - \_\_\_ on the next preceding or succeeding installment due date, whichever is nearer to any other prepayment.
  - \_\_\_ If not or if it is not clear that this is so, then request a justification that Massachusetts law is satisfied.
- \_\_\_ The policy must contain a provision that the amount of death benefit will be computed
  - \_\_\_ as of the date of death and will, subject to any dollar limit specified in the group policy, include not less than the equivalent of six past due monthly payments on the agreement if and to the extent that payments are past due whether from delinquency, deferral, extension or other reason.
  - \_\_\_ No anticipated delinquency value may be included in the amount of coverage on which the life insurance premiums are calculated.
  - \_\_\_ so that the assumed amount of insurance will not be less than the lesser of
    - \_\_\_ the maximum amount of insurance specified in the group policy or
    - \_\_\_ the actual outstanding principal balance of the indebtedness including the equivalent of up to six past due monthly payments if and to the extent that payments are past due.

☐ so that the amount of death benefit will at no time be less than the amount for which a charge has been paid by the insured, if an excess charge was made for the insurance.

☐ Does the policy contain a disclosure statement concerning the fact that enrollment for credit insurance is not a condition for obtaining financing? *Note: this is not required to appear in the policy. (It must appear in the consumer credit cost disclosure required by M.G.L. c. 140D.)*

☐ yes ☐ no

☐ If yes, it must be printed in ten point boldface type and must contain all of the following language:

“You cannot be denied credit simply because you choose not to buy credit insurance. Credit life insurance [and credit accident and health insurance and credit involuntary unemployment insurance – only if the policy includes these additional coverages is this language required to appear] is not required to obtain credit. Insurance will not be provided unless you sign and agree to pay the additional charge.”

#### Rates

☐ The seller may make a charge for the life insurance based on a rate which may not exceed the premium charged by the insurer pursuant to the insurer’s schedule currently on file with the Division under M.G.L. c. 175, § 117C.

☐ The charge for the insurance may be collected as a single premium on scheduled insured balances or periodically on actual monthly insured balances.

Rates must meet all requirements set forth below.

#### **Rate Filings for Credit Insurance in Connection with obligations subject to M.G.L. c. 255 § 12G; c. 255C, § 14A or c. 255D § 26C**

☐ Are the rates the prima facie rates?

☐ yes ☐ no

If yes:

☐ The life rates to be charged must be equal to \$0.69 per \$1,000 of insurance in force for single life insurance and 160% of the single life rate for joint life insurance (\$1.10 per \$1,000 of insurance in force). *M.G.L. c. 175, §117C, G(14)(i)*

☐ The disability rates must be a single per annum premium of \$0.70 for each \$100 of initial indebtedness for each of the first four years of the term of coverage, \$0.50 for each of the next three years and \$0.25 for each year thereafter. *M.G.L. c. 175, §117C, G.(14)(ii)*

☐ An insurer that has filed rates which are equal to or lower than the nominal (prima facie) rates may retain on file and use those rates without further proof of their reasonableness while the experience of the insurer in Massachusetts for the accounts to which they apply continues to satisfy a minimum loss ratio of 50 %. *M.G.L. c. 175, §117C, B.*

If no:

☐ There must be a rate review analysis.

Rates must be reviewed by an actuary for full compliance with M.G.L. c. 175, § 117C. At a minimum, however, the rates must meet the following requirements:

- \_\_\_ Minimum loss ratio test: Benefits will be considered reasonable in relation to the premium charged if the loss ratio equals or exceeds or is reasonably expected to equal or exceed 50%.  
*Note: appropriate adjustment may be made to account for differences in loss ratios that may be expected on single premium plans resulting from changes in the benefit structure. M.G.L. c. 175, § 117C, A.(1)(i)*

Deviated rates must meet the following requirements:

Rates filed for approval must be:

- \_\_\_ applied uniformly to all accounts of the insurer; *M.G.L. c. 175, §117(b)C.(3)(i)*
- \_\_\_ applied on an equitable basis to only one or more accounts of the insurer for which the experience has been more favorable or less favorable than expected; *M.G.L. c. 175, §117C, C.(3)(ii)* or
- \_\_\_ applied according to a case rating procedure on file with the Division. Note: An insurer electing to file a case rating procedure may either file its own plan or may use the standard case rating procedure specified in M.G.L. c. 117C(b)D. *M.G.L. c. 175, §117C, C.(3)(iii)*

Are the rates **higher** than the nominal rates?

- \_\_\_ If the minimum loss ratio test produces a loss ratio that exceeds 50%, the insurer may file for approval and use rates that are higher than the nominal rates. *M.G.L. c. 175, §117C, C.(1)*

Are the rates **lower** than the nominal rates?

- \_\_\_ If the minimum loss ratio test produces a loss ratio that is lower than 50%, the insurer must file adjusted rates that can be expected to produce a loss ratio that will satisfy the minimum loss ratio test or that are computed on a basis equivalent to that in M.G.L. c. 117C, D.(2). *M.G.L. c. 175, §117C, C.(2)*

M.G.L. c. 117C, D. sets forth the requirements for use of rates determined by standard case rating procedures. Such filings are subject to actuarial review.

**For insurance in connection with retail installment sales of motor vehicles subject to  
M.G.L. c. 255B**

*All of the following should be cited as M.G.L. c. 255B § 10*

Note: This does not apply to:

- \_\_\_ Insurance for which no identifiable charge is made.
- \_\_\_ The amount of insurance cannot exceed the greater of the scheduled or actual amount owing on the contract exclusive of unearned finance charges.

- \_\_\_ The policy must contain a provision that states that in the event of prepayment of the contract, the holder of the contract will refund any unearned charges for the life insurance which is at least as favorable to the buyer or buyers as follows:
  - \_\_\_ the actuarial method, which for single premiums is defined as a refund of unearned premium equal to the premium cost of coverage equal to the remaining scheduled benefits for a term equal to the remaining period from the date of said prepayment to the originally scheduled termination date of coverage, computed at the schedule of rates in effect when the charge for the insurance was made.
  - \_\_\_ If the prepayment is made other than on an installment due date it must be deemed to have been made:
    - \_\_\_ on the first installment due date if the prepayment was made before that date
    - \_\_\_ on the next preceding or succeeding installment due date, whichever is nearer to any other prepayment.
  - \_\_\_ If not or if it is not clear that this is so, then request a justification that Massachusetts law is satisfied.
- \_\_\_ The policy must contain a provision that the amount of death benefit will be computed
  - \_\_\_ as of the date of death and will, subject to any dollar limit specified in the group policy, include not less than the equivalent of six past due monthly payments on the contract if and to the extent that payments are past due whether from delinquency, deferral, extension or other reason.
  - \_\_\_ No anticipated delinquency value may be included in the amount of coverage on which the life insurance premiums are calculated.
  - \_\_\_ so that the assumed amount of insurance will not be less than the lesser of
    - \_\_\_ the maximum amount of insurance specified in the group policy or
    - \_\_\_ the actual outstanding principal balance of the indebtedness including the equivalent of up to six past due monthly payments if and to the extent that payments are past due.
  - \_\_\_ so that the amount of death benefit will at no time be less than the amount for which a charge has been paid by the insured, if an excess charge was made for the insurance.
- \_\_\_ Does the policy contain a disclosure statement concerning the fact that enrollment for credit insurance is not a condition for obtaining financing? *Note: this is not required to appear in the policy. (It must appear in the consumer credit cost disclosure required by M.G.L. c. 140D.)*
  - \_\_\_ yes                      \_\_\_ no
  - \_\_\_ If yes, it must be printed in ten point boldface type and must contain all of the following language:
 

“You cannot be denied credit simply because you choose not to buy credit insurance. Credit life insurance [and credit accident and health insurance and credit involuntary unemployment insurance – only if the policy includes these additional coverages is this language required to appear] is not required to obtain credit. Insurance will not be provided unless you sign and agree to pay the additional charge.”

Rates

\_\_\_ The seller may make a charge for the life insurance based on a rate which may not exceed the premium charged by the insurer pursuant to the insurer's schedule currently on file with the Division under M.G.L. c. 175, § 117C.

\_\_\_ The charge for the insurance may be collected as a single premium on scheduled insured balances or periodically on actual monthly insured balances.

\_\_\_ Are the rates the prima facie rates?

\_\_\_ yes                      \_\_\_ no

If yes:

\_\_\_ The life rates to be charged by such dealers must be \$0.46 per \$1,000 of insurance for single life insurance and 160% of said single life rate for joint life insurance or \$0.74 per \$1,000 of insurance. *Bulletin 98-12*

\_\_\_ The disability rates must be a single per annum premium of \$0.52 for each \$100 of initial indebtedness for each of the first four years of the term of coverage, \$0.37 for each of the next three years and \$0.19 for each year thereafter. *Bulletin 98-12*

If no:

\_\_\_ Is there a rate review analysis?

Rates must be reviewed by an actuary for full compliance with M.G.L. c. 175, § 117C. At a minimum, however, the rates must meet the following requirements:

\_\_\_ Minimum loss ratio test: Benefits will be considered reasonable in relation to the premium charged if the loss ratio equals or exceeds or is reasonably expected to equal or exceed 50%. *Note: appropriate adjustment may be made to account for differences in loss ratios that may be expected on single premium plans resulting from changes in the benefit structure. M.G.L. c. 175, § 117C, A.(1)(i)*

Are the rates **higher** than the nominal rates?

\_\_\_ If the minimum loss ratio test produces a loss ratio that exceeds 50%, the insurer may file for approval and use rates that are higher than the nominal rates. *M.G.L. c. 175, §117C, C.(1)*

Are the rates **lower** than the nominal rates?

\_\_\_ If the minimum loss ratio test produces a loss ratio that is lower than 50%, the insurer must file adjusted rates that can be expected to produce a loss ratio that will satisfy the minimum loss ratio test or that are computed on a basis equivalent to that in M.G.L. c. 117C, D.(2). *M.G.L. c. 175, §117C, C.(2)*

M.G.L. c. 117C, D. sets forth the requirements for use of rates determined by standard case rating procedures. Such filings are subject to actuarial review.